**SO ORDERED: March 7, 2017.**

**Robyn L. Moberly**
**United States Bankruptcy Judge**

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE SOUTHERN DISTRICT OF INDIANA**
**INDIANAPOLIS DIVISION**

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| In re:<br><br>hhgregg, Inc., *et al.*,<br><br>Debtors. | Chapter 11<br><br>Case No. 17-01302-11<br><br>(Jointly Administered) |

**INTERIM ORDER (A) AUTHORIZING THE DEBTORS TO PAY AND HONOR CERTAIN PREPETITION WAGES, BENEFITS AND OTHER COMPENSATION OBLIGATIONS; (B) AUTHORIZING AND APPROVING THE PAYMENT OF CERTAIN AMOUNTS IN CONNECTION WITH THE DEBTORS' STORE CLOSING SALES, AND (C) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS (DOC. NO. 17)**

Upon consideration of the motion (Doc. No. 17) (the "Motion")[1] of the Debtors for entry of an order (a) authorizing the Debtors to pay and honor certain prepetition wages, benefits, and other compensation obligations, (b) authorizing the Debtors to pay certain bonus amounts in connection with the Debtors' store closing sales, and (c) authorizing financial institutions to

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

honor and process checks and transfers related to such obligations, as described more fully in the Motion; and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and it appearing that the Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334, and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtors, their estates, and creditors; and after due deliberation and sufficient cause appearing therefor, **IT IS HEREBY ORDERED THAT**:

1. The Motion is GRANTED on an interim basis to the extent set forth herein.

2. Pursuant to sections 105(a), 363, and 507(a) of the Bankruptcy Code, except as otherwise set forth in this Final Order, the Debtors are authorized, but not directed, in their discretion, to pay, honor, or otherwise satisfy, in accordance with the Debtors' policies and in the ordinary course of business, all amounts and obligations on account of the prepetition Employee Obligations and Employee Programs specified in the chart below, and all costs, expenses, fees, and other amounts related thereto, including, without limitation, any amounts that have accrued but remained unpaid as of the Petition Date, capped at the amounts set forth below as to prepetition obligations, and the Debtors are authorized to continue their Severance Pay program and to make Severance Pay program payments to rank-and-file Employees in accordance with the Debtors' regular bi-weekly payroll cycle; provided, however, that no individual Employee receives payments and/or benefits on account of prepetition Employee Obligations that exceed, in the aggregate, the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

| Category | Pre-Petition Amount Outstanding[1] |
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| Temporary Employees | 357,000 |
| Independent Contractors | 383,000 |
| Unpaid wages and Commissions (excl. bonus) | 5,633,250 |
| ADP Fees | 50,000 |
| Field and Support Personnel Incentive Programs | 756,000 |
| Worker's Compensation | 4,147,000 |
| Employer Taxes and Fees | 516,600 |
| Health Plan | 1,623,374 |
| Life Insurance, Disability Plans and EAP | 5,000 |
| Severance | 148,000 |
| 401(k) Plan | 38,000 |
| Deferred Compensation Plan | N/A |
| Reimbursable Business Expenses (incl. charge cards) | 40,000 |
| Total Pre-Petition Amounts Requested | 13,697,224 |

Note
1) Estimated; amounts reflective of amounts to be paid by Debtors.

3. The Debtors are authorized, but not directed, in their discretion, to continue operating the Company Expense Program and to honor their prepetition and postpetition obligations related thereto; provided that such prepetition amounts shall not exceed $50,000.

4. The Debtors and any other third parties administering withholding obligations on behalf of the Debtors, are authorized, but not directed, to make payments to applicable third parties with respect to the Payroll Deductions and Employer Taxes and Fees, as set forth in the Motion, and the costs associated therewith, in accordance with the Debtors' ordinary course of business and stated policies, as set forth in the Motion.

5. Except as otherwise set forth herein, the Debtors are authorized, but not directed, on a postpetition basis to maintain and continue to honor the Employees Programs described in the Motion as they were in effect as of the Petition Date, and as such may be modified, amended, or supplemented from time to time in the ordinary course of business.

6. On an interim basis and pending the final hearing on the Consulting Agreement Assumption Motion, the Debtors shall have the authority, but not the obligation, to pay store closing bonuses (the "Store Closing Bonuses") to store-level and certain field employees who remain in the employ of the Debtors during the Store Closing Sales. The Debtors shall have the authority to determine the individual amounts of each Store Closing Bonus, except that the total aggregate cost of the Store Closing Bonus program will not exceed 10% of the base payroll, including taxes and typical benefits, for all employees working at Debtors' closing locations.

7. The Banks shall be, and hereby are, authorized, when requested by the Debtors in their discretion, to receive, process, honor, and pay any and all checks or electronic fund transfers drawn on the Debtors' bank accounts on account of the prepetition Employee Obligations and the Employee Benefits, whether those checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

8. The Debtors are authorized to issue postpetition checks or to affect postpetition fund transfer requests in replacement of any checks or fund transfer requests related to the Employee Obligations dishonored or rejected as a consequence of the commencement of these chapter 11 cases.

9. Authorization to pay all amounts on account of Employee Obligations shall not affect the Debtors' right to contest the amount or validity of any Employee Obligations, including without limitation, the Payroll Deductions that may be due to any taxing authority.

10. Nothing contained in this Order or the Motion shall constitute a rejection or assumption by the Debtors of any executory contract or unexpired lease by virtue of reference to any such contract or lease in the Motion.

11. The Debtors are authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order.

12. Absent further order of the Court, the Debtors shall not (a) pay any amounts that are subject to section 503(c) of the Bankruptcy Code, or (b) cash out Accrued Vacation Obligations or leave time upon termination of an employee, unless applicable state law requires such payment.

13. The requirements set forth in Bankruptcy Rule 6003(b) are waived.

14. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

15. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

16. Notwithstanding anything to the contrary contained herein, any payment made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the requirements imposed on the Debtors under any orders of this Court approving any debtor in possession financing for, or any use of cash collateral by, the Debtors, and any documents providing for such debtor in possession financing.

17. **The Final Hearing on the Motion shall be held before this Court on March 31, 2017 at 9:00 a.m. (ET).**

18. The Debtors shall, within three (3) business days of the entry of this Interim Order, serve (A) the U.S. Trustee; (B) Choate, Hall & Stewart LLP (attn: John Ventola and Sean Monahan) as counsel to (i) the DIP Agent and (ii) the Prepetition Agent; (C) DLA Piper LLP (attn.: Stuart Brown), as counsel to the FILO Agent; (D) holders of the 30 largest unsecured claims on a consolidated basis against the Debtors; (E) the Internal Revenue Service; (F) all

appropriate state taxing authorities; (G) the Banks; and (H) any other party that files a request for notices with the Court as of the date of such service, a copy of the Interim Order and a notice of the Final Hearing to consider entry of the Final Order.

19. If no objections to the relief sought in the Motion are filed and served in accordance with this Interim Order, no Final Hearing shall be held, and a separate Final Order may be presented jointly by the Debtors and entered by this Court upon certification of counsel by the Debtors.

20. Any party in interest objecting to the relief sought in the Motion shall submit any such objection in writing and file same with this Court and serve such objection so as to be received no later than March 24, 2017 on the following parties:

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| ***Debtors***<br><br>Kevin J. Kovacs<br>hhgregg, Inc.<br>4151 E. 96th Street<br>Indianapolis, Indiana 46240 | ***Office of the United States Trustee***<br><br>Office of the United States Trustee for the Southern District of Indiana<br>Attn: Ronald J. Moore, Esq.<br>101 West Ohio Street, Suite 1000<br>Indianapolis, IN 46204<br>Email: Ronald.Moore@usdoj.gov |
| ***Counsel for the Debtors***<br><br>**MORGAN, LEWIS & BOCKIUS LLP**<br>Neil E. Herman<br>101 Park Avenue<br>New York, New York 10178<br>Telephone: (212) 309-6000<br>Neil.Herman@morganlewis.com<br><br>-and-<br><br>**ICE MILLER LLP**<br>Jeffrey A. Hokanson (No. 14579-49)<br>Sarah L. Fowler (No. 30621-49)<br>One American Square, Suite 2900<br>Indianapolis, IN 46282-0200<br>Telephone: (317) 236-2100<br>Jeff.hokanson@icemiller.com<br>Sarah.fowler@icemiller.com | ***Counsel for the Prepetition Agent***<br><br>Choate, Hall & Stewart LLP<br>Two International Place<br>Boston Massachusetts 02110<br>Attn: John F. Ventola, Esq. and Sean M. Monahan, Esq.<br>Email: jventola@choate.com and smonahan@choate.com |

| ***Counsel for the DIP Agent*** | ***Counsel for FILO Agent*** |
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| Choate, Hall & Stewart LLP<br>Two International Place<br>Boston, Massachusetts 02110<br>Attn: John F. Ventola, Esq. and Sean M. Monahan, Esq.<br>E-mail: jventola@choate.com and smonahan@choate.com | DLA Piper LLP<br>1201 North Market Street, Suite 2100<br>Wilmington, Delaware 19801<br>Attn: Stuart Brown, Esq.<br>Email: stuart.brown@dlapiper.com |

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